

By: Chairman Superannuation Fund Committee
Director of Finance

To: Superannuation Fund Committee – 5th March 2010

Subject: **APPLICATIONS FOR ADMISSION TO THE FUND**

Classification: Unrestricted

Summary: To report on applications to join the Pension Fund.

FOR DECISION

INTRODUCTION

1. This report sets out information on applications from organisations to become admitted bodies within the Pension Fund and seeks Committee approval to enter into an admission agreement with these organisations.
2. Since the November Committee meeting there has been an exchange with Legal Services over what they require as authority from the Committee to allow the legal documents to be signed and sealed on behalf of Kent County Council. A compromise has been reached where they will action decisions of the Committee provided that the Chairman has signed the minutes. This avoids decisions being delayed for up to three to four months until the next Committee meeting at which the minutes would normally be signed.

MYTIME ACTIVE

3. A report on MyTime Active was submitted to the 18 September Committee meeting and approval was given for this organisation to be admitted to the Kent County Council Pension Fund. The admission application was based on the Pension Fund standard approach in that a bond would be required from MyTime Active.
4. During the drafting of the legal documents, Maidstone Borough Council advised that they had agreed with MyTime Active to a “pass - through” approach on the pension arrangements. This means that MyTime Active will only be responsible for membership accrued during the course of the contract. Maidstone Borough Council will be responsible for any pension liability at the end of the contract.
5. As the pass – through arrangement differs from that previously agreed by the Committee, members are asked to note the final arrangement for the admission of MyTime Active to the Pension Fund.

SEVENOAKS SCHOOL AND SEVENOAKS FOUNDATION

6. Sevenoaks School and Sevenoaks Foundation are admission bodies currently participating in the Pension Fund. Both organisations have decided to close the Pension Scheme to new employees with effect from 1 April 2010.
7. Legal documents varying the original admission agreements in respect of this change have been drafted. Committee approval is required for Kent County Council to enter into these Deeds of Variation and use the Kent County Council seal.

EPIC TRUST

8. Invicta Telecare is an admission body currently participating in the Pension Fund. During 2007, Invicta Telecare became part of the Circle Anglia Group and continued in the Pension Fund. The Circle Anglia Group includes many separate employers, one of which is Epic Trust. Epic Trust provides care and support assistance which is similar to part of the services provided by Invicta Telecare. Circle Anglia wish to rationalise its business structure and as part of this would like to transfer the care and support business of Invicta Telecare to Epic Trust. This would involve the transfer of around 70-80 employees. Following the transfer Invicta Telecare would still continue but with fewer employees. Epic Trust is based in London but all transferred employees will continue to live and work in Kent. The admission agreement with Epic Trust would be on a "closed" basis. ie only the transferred employees would be allowed to participate in the pension fund and no new entrants would be allowed access.
9. Epic Trust have made an application under Regulation 5(2)(a)(i) of the Local Government Pension Scheme (Administration) Regulations 2008, as amended. There is no requirement under this regulation for a form of bond or indemnity. However, to support the proposed transfer and admission to the Pension Fund, Circle Anglia has agreed to act as guarantor to Epic Trust and Invicta Telecare. The existing admission agreement with Invicta Telecare would need to be amended to incorporate a guarantor clause.
10. The completed questionnaire and Memorandum and Articles of Association have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

CONNEXIONS PARTNERSHIP KENT & MEDWAY LIMITED

11. Connexions Partnership Kent & Medway Limited is an admission body in the Pension Fund. The company has been awarded a three year contract by KCC to provide two services, work related services currently

undertaken by Kent Works and personal adviser services for vulnerable young people as currently undertaken by the Youth Service. There will be a transfer of 18 employees from KCC to Connexions.

12. As Connexions has been awarded a contract of limited duration, the fund actuary has advised that a separate admission agreement should be entered into between the parties. This will allow for the pension assets and liabilities to be tracked during the lifetime of the contract.
13. Connexions has made an application under Regulation 6(2)(a)(i) of the Local Government Pension Scheme (Administration) Regulations, as amended. Under this regulation there is a requirement for a form of bond to be provided. This has been assessed by the fund actuary to cover the costs of early retirement in the event of redundancy. The level of bond has been assessed at £211,000 for year one. In the event of the termination of the admission agreement allowing Connexions to participate in the Pension Fund in respect of this contract, any pensions liability not covered by the bond would need to be recovered from Kent County Council as the scheme employer. Discussions are underway with Communities Directorate to ensure that they will agree to fund the liability.
14. The completed questionnaire and Memorandum and Articles of Association have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

KIER FACILITIES SERVICES LIMITED

15. As part of Kent County Council's Building Schools for the Future (BSF) programme, Kier Facilities Services Ltd have been awarded the contract to undertake the facilities management within the schools which are part of the BSF programme.
16. In order to ensure the continuity of pension arrangements for the employees who will transfer from KCC, Kier Facilities Services Limited has made an application under Regulation 6(2)(a)(i) of the Local Government Pension Scheme (Administration) Regulations, as amended. Under this regulation there is a requirement for a form of bond to be provided. Information on the 49 transferring employees is awaited from Kent County Council and once this has been supplied the Fund Actuary will be asked to calculate the level of bond.
17. In the event of the termination of the admission agreement allowing Kier Facilities Services Ltd to participate in the Pension Fund in respect of this contract, any pensions liability not covered by the bond would be recovered from Kent County Council as the scheme employer. This has been agreed as part of the BSF contract which was a cabinet decision.
18. The completed questionnaire and Memorandum and Articles of Association have been examined by Legal Services to ensure

compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

SODEXO LIMITED

19. As part of Kent County Council's Building Schools for the Future (BSF) programme, Sodexo Limited have been awarded the contract to undertake the catering provision within the schools which are part of the BSF programme.
20. In order to ensure the continuity of pension arrangements for the employees who will transfer from KCC, Sodexo Limited have made an application under Regulation 6(2)(a)(i) of the Local Government Pension Scheme (Administration) Regulations, as amended. Under this regulation there is a requirement for a form of bond to be provided. Information on the 25 transferring employees is awaited from Kent County Council and once this has been supplied the Fund Actuary will be asked to calculate the level of bond.
21. In the event of the termination of the admission agreement allowing Sodexo Limited to participate in the Pension Fund in respect of this contract, any pensions liability not covered by the bond would be recovered from Kent County Council as the scheme employer. This has been agreed as part of the BSF contract which was a cabinet decision.
22. The completed questionnaire and Memorandum and Articles of Association have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

RECOMMENDATION

23. Members are asked to agree:

to the admission to the Kent County Council Pension Fund of:

- (1) Epic Trust
- (2) Connexions Partnership Kent & Medway Limited
- (3) Kier Facilities Services Limited
- (4) Sodexo Limited

that legal agreements can be entered into in respect of:

- (5) Sevenoaks School and Sevenoaks Foundation
- (6) Circle Anglia acting as guarantor in respect of the admission agreement with Invicta Telecare

in respect of all of the above matters that once legal agreements or deeds have been prepared for all of the above matters, the Kent County Council seal can be affixed to the legal documents.

to note the action taken in respect of MyTime Active

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